Before the
UNITED STATES COPYRIGHT ROYALTY JUDGES
LIBRARY OF CONGRESS
Washington, D.C.

In the Matter of:

DETERMINATION OF ROYALTY RATES AND TERMS FOR MAKING AND DISTRIBUTING PHONORECORDS (*Phonorecords IV*)	**Docket No. 21-CRB-0001-PR (2023-2027)**

WRITTEN DIRECT STATEMENT OF SPOTIFY USA INC.

Exhibits

Volume 5 of 5

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October 13, 2021

SPOTIFY EX. 40

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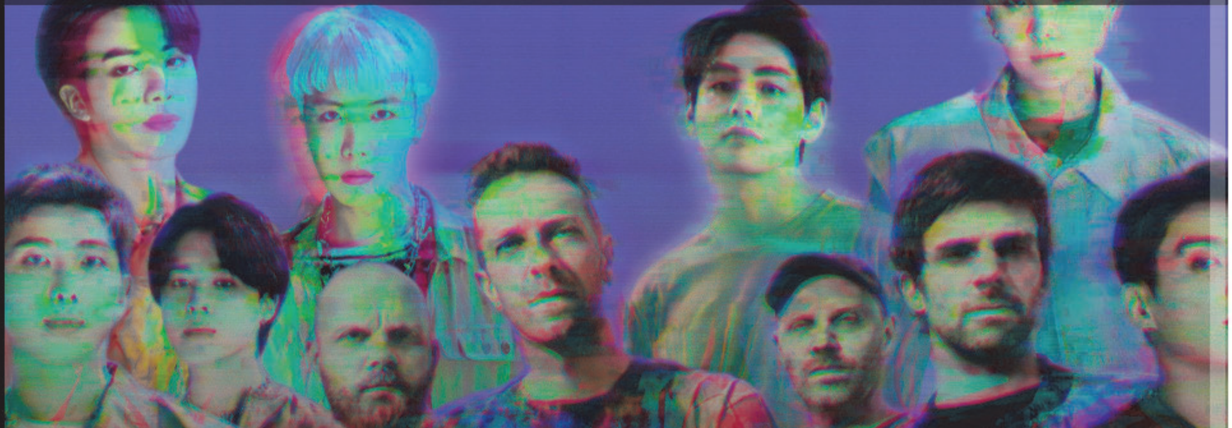
SPOTIFY EX. 42

Spotify

- Home
- Search
- Your Library

- Create Playlist
- Liked Songs

SIGN UP LOG IN



PLAYLIST

Today's Top Hits

Coldplay & BTS are on top of the Hottest 50!

Spotify • 29,740,869 likes • 50 songs, 2 hr 39 min

#	TITLE	ALBUM	DATE ADDED	🕒
	Shivers Ed Sheeran	Shivers	4 days ago	3:27
	STAY (with Justin Bieber) E The Kid LAROI, Justin Bieber	STAY (with Justin Bieber)	4 days ago	2:21
	My Universe Coldplay, BTS	My Universe	4 days ago	3:48
	Woman E Doja Cat	Planet Her	4 days ago	2:52
	INDUSTRY BABY (feat. Jack H... E Lil Nas X, Jack Harlow	INDUSTRY BABY (feat. Jack ...	4 days ago	3:32
	Heat Waves Glass Animals	Dreamland	4 days ago	3:58
	Bad Habits Ed Sheeran	Bad Habits	4 days ago	3:51
	Beggin' Måneskin	Chosen	4 days ago	3:31
	THATS WHAT I WANT E Lil Nas X	MONTERO	4 days ago	2:23
	love nwantiti (ah ah ah) E CKay	CKay The First	4 days ago	2:25
	Cold Heart - PNAU Remix			

Spotify

Home
Search
Your Library

Create Playlist
Liked Songs

Today's Top Hits

SIGN UP | LOG IN

#	TITLE	ALBUM	DATE ADDED	
	good 4 u E Olivia Rodrigo	SOUR	4 days ago	2:58
	Happier Than Ever - Edit E Billie Eilish	Happier Than Ever (Edit)	4 days ago	2:31
	Need To Know E Doja Cat	Planet Her	4 days ago	3:30
	Pepas E Farruko	Pepas	4 days ago	4:47
	MONTERO (Call Me By Your N... E Lil Nas X	MONTERO	4 days ago	2:17
	MAMMAMIA E Måneskin	MAMMAMIA	4 days ago	3:06
	Take My Breath The Weeknd	Take My Breath	4 days ago	3:40
	Don't Be Shy E Tiësto, KAROL G	Don't Be Shy	4 days ago	2:20
	Way 2 Sexy (with Future & You... E Drake, Future, Young Thug	Certified Lover Boy	4 days ago	4:17
	Lo Siento BB:/ (with Bad Bunny... Tainy, Bad Bunny, Julieta Venegas	Lo Siento BB:/ (with Bad Bun...	4 days ago	3:27
	Kiss Me More (feat. SZA) E Doja Cat, SZA	Kiss Me More (feat. SZA)	4 days ago	3:28
	Levitating (feat. DaBaby) Dua Lipa, DaBaby	Levitating (feat. DaBaby)	4 days ago	3:23
	OUT OUT (feat. Charli XCX & S... Joel Corry, Jax Jones, Charli XCX, ...	OUT OUT (feat. Charli XCX &...	4 days ago	2:42
	Life Goes On Oliver Tree	Ugly is Beautiful: Shorter, Thi...	4 days ago	2:41
	Meet Me At Our Spot E THE ANXIETY, WILLOW, Tyler ...	THE ANXIETY	4 days ago	2:42
	Ghost Justin Bieber	Justice	4 days ago	2:33
	Don't Go Yet Camila Cabello	Don't Go Yet	4 days ago	2:44
	Where Are You Now Lost Frequencies, Calum Scott	Where Are You Now	4 days ago	2:28
	MONEY LISA	LALISA	4 days ago	2:48
	edamame (feat. Rich Brian) E bbno$, Rich Brian	edamame (feat. Rich Brian)	4 days ago	2:13
	Have Mercy E Chlöe	Have Mercy	4 days ago	2:28
	Last One Standing (feat. Polo G... E Skylar Grey, Polo G, Mozzy, Em...	Last One Standing (feat. Polo...	4 days ago	4:17

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Privacy

Spotify

- Home
- Search
- Your Library
- Create Playlist
- Liked Songs

Cookies

Privacy

Today's Top Hits

SIGN UP LOG IN

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	Don't Go Yet Camila Cabello	Don't Go Yet	4 days ago	2:44
	Where Are You Now Lost Frequencies, Calum Scott	Where Are You Now	4 days ago	2:28
	MONEY LISA	LALISA	4 days ago	2:48
	edamame (feat. Rich Brian) E bbno$, Rich Brian	edamame (feat. Rich Brian)	4 days ago	2:13
	Have Mercy E Chlöe	Have Mercy	4 days ago	2:28
	Last One Standing (feat. Polo G... E Skylar Grey, Polo G, Mozzy, Em...	Last One Standing (feat. Polo...	4 days ago	4:17
	Hurricane Kanye West	Donda	4 days ago	4:03
	2055 E Sleepy Hallow	Still Sleep?	4 days ago	2:03
	A-O-K E Tai Verdes	TV	4 days ago	2:53
	traitor Olivia Rodrigo	SOUR	4 days ago	3:49
	Save Your Tears (with Ariana Gr... The Weeknd, Ariana Grande	Save Your Tears (Remix)	4 days ago	3:11
	Chosen (feat. Ty Dolla $ign) E Blxst, Tyga, Ty Dolla $ign	No Love Lost (Deluxe)	4 days ago	2:41
	Leave Before You Love Me (wit... Marshmello, Jonas Brothers	Leave Before You Love Me	4 days ago	2:34
	I GUESS I'M IN LOVE Clinton Kane	I GUESS I'M IN LOVE	4 days ago	3:24
	Just for me PinkPantheress	Just for me	4 days ago	1:55
	Love Tonight - Edit Shouse	Love Tonight	4 days ago	4:01
	Fair Trade (with Travis Scott) E Drake, Travis Scott	Certified Lover Boy	4 days ago	4:51
	Peaches (feat. Daniel Caesar & ... E Justin Bieber, Daniel Caesar, Gi...	Justice	4 days ago	3:18
	Leave The Door Open	Leave The Door Open	4 days ago	4:02

SPOTIFY EX. 43

U.S. Recorded Music Revenues Return to Double-Digit Growth: RIAA Mid-Year Report

Billboard

September 13, 2021 Monday

Section: NEWS; TAG

Length: 483 words

Byline: Dan Rys
Highlight: Recorded music revenues in the United States in the first half of 2021 returned to double-digit growth a year after the pandemic slowed the business' upward trajectory, according to the RIAA.

Body

Recorded music revenues in the United States in the first half of 2021 returned to double-digit growth a year after the pandemic slowed the business' upward trajectory, according to the RIAA.

In the first half of 2021, revenue grew 27% at retail over the first half of 2020 to $7.1 billion, up from $5.6 billion, resuming the trend of large year-over-year jumps that has been the norm in the industry since 2015.

That growth is once again fueled largely through streaming, which accounted for 84% of all revenues, up 26% year over year to $5.9 billion — itself more than the entire first-half revenue mark for 2020. That growth, the RIAA says, has much to do with new licensing deals with companies like Facebook and digital fitness apps like Peloton.

Within the overall streaming landscape, paid streaming subscription revenue totaled $4.6 billion — growing at the same 26% clip — and accounted for 78% of overall revenues in the first half of the year. Limited tier subscription revenue jumped to $452 million, accounting for 10% of streaming dollars, while ad-supported revenues — which took a large pandemic-related hit last year — grew 54% to $741 million. Digital and customized radio, including SoundExchange distributions, increased 3% to $585 million.

Overall, the average number of paid subscriptions for on-demand music services grew 13% to 82.1 million in the U.S., a new record, and up from 72.6 million over the same period in 2020 and 58.2 million in 2019.

Elsewhere, the vinyl explosion continued with eye-popping numbers — up 94% year over year to $467 million — albeit with significant caveats; the pandemic forced retail closures in the first half of 2020, the report notes, while Record Store Day was forced to shift from its usual April time period to later in the year. But it still accounted for two-thirds of all physical sales for the first half of the year, even as CD sales revenue also grew, up 44% to $205 million (accounting for 30% of all physical revenues). Digital download sales revenue continued to decline, down 6% to $319 million, with digital track sales revenue (down 12%) and digital album sales revenue (down 4%) both falling.

For the second straight year, vinyl sales (17 million units) outpaced CD sales (16.1 million units), turning a 30-year-long trend on its head.

Overall, streaming made up 84% of revenues; physical sales 10% of revenues; digital download sales 5% of revenues; and synch 2%.

“Emerging platforms like short form video, fitness apps, and a host of chat and social apps are also getting licensed and starting to deliver meaningful revenues,” RIAA chairman/CEO **Mitch Glazier** said in comments released alongside the report. “Record labels are moving urgently to make sure these growing services pay for the music they depend on - future proofing artist incomes as technologies shift.”

This is a developing story — check back for updates.

[Link to Image]

Load-Date: September 14, 2021

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SPOTIFY EX. 53

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SPOTIFY EX. 54

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SPOTIFY EX. 61

RESTRICTED – Subject to Protective Order in Docket No. 21-CRB-0001-PR(2023-2027)

SPOTIFY EX. 62

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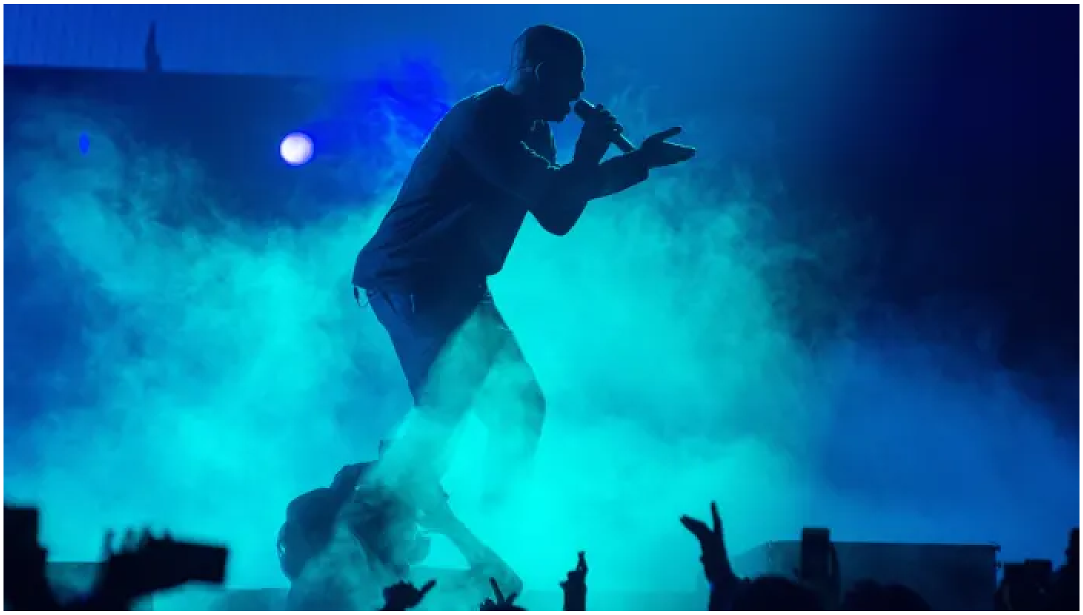
SPOTIFY EX. 74

Opinion **Inside Business**

Wall Street weighs in on what music is really worth

Surge in valuations in sector spurred by dizzying array of uses in a digital world

ANNA NICOLAOU



Music companies are now less reliant on the success of a particular album from star artists like Drake, pictured here in concert © Bloomberg

Anna Nicolaou 36 MINUTES AGO

Bill Ackman compared it to "food and water". Universal Music's chief executive Lucian Grainge says it is "as critical as gas and electricity".

This week, Wall Street gave its view on music with the initial public offering of Universal, weighing in on a question that has become more pressing among investors in the past few years: how much a melody is really worth?

On the surface, the soaring valuation for music companies — Universal is trading at about a €42bn valuation, up from €30bn earlier this year when Tencent made an investment in the company and $8.5bn less than a decade ago — is inextricable from the rise of Spotify. The widely accepted explanation is that Spotify saved the music industry.

And this is true. The invention of an app where people can pay to listen to 70m songs has undoubtedly powered the turnround in music revenue, after more than a decade of death by piracy.

But the stock market is usually more about the future than the past. Reading through Wall Street banks' explanations for their fizzy valuations for Universal, their bullishness is linked to expected further growth. And the future of music revenue is not all about Spotify.

In fact, when I asked Grainge how much scope there is for more growth, he pointed not to Spotify, but to "new areas of monetisation we couldn't even predict before".

This means music listened to on a Peloton bike, or played in the background of a video on the YouTube Shorts platform, or in the booming virtual worlds of gaming, augmented reality and online karaoke.

If the concept that a computer-generated avatar of your favourite musician "performing" on TikTok is a legitimate revenue driver for a $50bn company seems far-fetched, I am here to inform you it is already happening.

Before the internet, music's bread and butter was physical compilations, in the form of vinyl records, cassettes and then CDs. If a few of these became popular, they earned enough money to make up for thousands of other failed bets. Now, music is intellectual property that can be milked across a dizzying array of uses.

Some of these avenues for monetisation are obvious, such as TikTok, which attracts billions of people as a place for silly videos soundtracked to songs. Others are less intuitive. Universal, for example, is looking into licensing its catalogue to therapeutics companies that use music to help stroke victims walk again.

The big music companies, at this point, know how to predict how much money they will receive from Spotify in a given quarter — even if there are torturous negotiations every few years on how to split the streaming revenue pot. This is part of the pitch to investors: subscriptions have made music a more reliable asset class, compared with the era of CDs, where sales were reliant on big hits.

But the music companies have little experience in predicting revenue from social media. Warner Music's chief executive Steve Cooper marvelled to me last year that these were business models "that nobody had heard of two years ago, literally".

Less than three years ago, TikTok and Facebook were not paying the music companies at all. Now, the music industry is making $2bn a year from social, fitness and gaming royalties, estimates Mark Mulligan, analyst at Midia, and that is only expected to rise.

Sony Music says social, gaming and fitness now bring in $400m in revenue annually, while Warner Music says it makes $235m a year in royalty income from these sectors.

Mulligan says without such revenues, Universal's IPO would have looked riskier. Facebook was the first to start paying for music, through a deal agreed with Universal at the end of 2017. But now that competition in the sector has heated up, record executives no longer have to convince social media companies to pay for music. "You've got Snap, TikTok, Facebook and [YouTube] Shorts all trying to kill each other," said one label executive, adding this was "fabulous" for music rights.

Universal's deals for Facebook, TikTok and YouTube Shorts are all set to expire at the end of this year, an opportunity to reset the terms to more generous levels for the music company.

Universal executives want to convince investors they are not buying into music at the top of the market, but rather getting in on an asset that will only rise further. The outcome of these deals, rather than another gargantuan Drake album, is more likely to answer that question.

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Proof of Delivery

I hereby certify that on Wednesday, October 20, 2021, I provided a true and correct copy of the Written Direct Statement of Spotify USA Inc. (Vol. 5 of 5) [Public Version] to the following:

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Pandora Media, LLC, represented by Benjamin E. Marks, served via ESERVICE at benjamin.marks@weil.com

Google LLC, represented by Gary R Greenstein, served via ESERVICE at ggreenstein@wsgr.com

Amazon.com Services LLC, represented by Joshua D Branson, served via ESERVICE at jbranson@kellogghansen.com

Signed: /s/ Joseph Wetzel